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Economic Intelligence Report

AVERAGE ANNUAL MONEY EARNINGS
OF WORKERS AND STAFF
IN COMMUNIST CHINA
1949-60



CIA/RR ER 60-26

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CENTRAL INTELLIGENCE AGENCY
Office of Research and Reports

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FOREWORD

This report represents an initial attempt to develop estimates of the average money earnings of workers and staff in Communist China. Because of the scarcity of information on this subject, the estimates are first approximations subject to further revision.

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AVERAGE ANNUAL MONEY EARNINGS OF WORKERS AND STAFF
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I. General

This report presents estimates of average annual money earnings* of workers and staff** in Communist China during 1949-60. These estimates are given in Tables 1 through 3.*** In the absence of official statistical yearbooks, most of the data in the tables had to be estimated from scattered sources. Figures released by the Chinese Communist State Statistical Bureau were used wherever possible, and extensive use has been made of articles in Soviet journals. The methods and procedures used to derive the data presented in this report are described in the footnotes to the tables and in Appendix A.

Most reliable are the data on average annual money earnings for 1952-57 shown in Table 1 and the data on the distribution of average annual money earnings by branch† shown in Table 3. The former are reported by the State Statistical Bureau and the latter in a Soviet journal in which all data that can be checked are identical with data from official sources. Less confidence can be placed in the data on average annual money earnings for 1949-51 and 1958-60 shown in Table 1 and in the distribution of average annual money wages by sector† shown in Table 2. These data had to be estimated from index numbers and percentage increases or from information on total money earnings and average annual employment.

* For the composition of money earnings in Communist China, see Appendix B.

** The term workers and staff refers to all persons who are paid a fixed wage or salary, including paid employees of private enterprises as well as of socialist enterprises. This classification does not include entrepreneurs who share in the profits of an enterprise or individual artisans who work for themselves.

*** Tables 1 through 3 follow on pp. 3 through 5, below.

† The term branch is used to designate the type of activity, such as industry or construction, whereas the term sector is used to designate the category of ownership of an economic activity (socialist or private).

II. Growth of Average Annual Money Earnings

Three periods may be distinguished in the growth of average annual money earnings in Communist China during 1949-59. The first period, 1949-53, is the period of national economic recovery and the first year of the First Five Year Plan (1953-57), during which average money earnings increased rapidly, with annual increases ranging from 11 to 23 percent. The second period, 1954-57, comes the last 4 years of the First Five Year Plan, during which money earnings increased 3 to 5 percent per year in all years except 1956, when a wage reform increased average money earnings 14 percent. During the third period, 1958-59, average money earnings decreased 14 percent in the first year and 4 percent in the second year. This decline resulted from a sharp increase in the proportion of newly hired, unskilled workers among workers and staff in 1958-59. Average monthly earnings for persons hired before 1958, however, rose 3 percent in 1958 and 5 percent in 1959. Average annual money earnings are planned to increase 6 percent in 1960.

Table 1

Estimates of Amount, Increase, and Index
of Average Annual Money Earnings of Workers and Staff
in Communist China
1949-59 and 1960 Plan

Year	Amount <u>a/</u> (Current Yuan)	Increase Above Preceding Year (Percent)	Index	
			(1949 = 100)	(1952 = 100)
1949	262 <u>b/</u>		100	
1950	322 <u>c/</u>	23	123	
1951	379 <u>d/</u>	18	145	
1952	446	18	170	100
1953	496	11	189	111
1954	519	5	198	116
1955	534	3	204	120
1956	610	14	233	137
1957	637	4	243	143
1958	551 <u>e/</u>	-14	210	124
1959	531 <u>f/</u>	-4	203	119
1960 Plan	562 <u>f/</u>	6 <u>g/</u>	215	126

a. 1/ unless otherwise indicated. (For serially numbered source references, see Appendix C.) All data have been rounded to three significant digits. Yuan values in this table are expressed in current yuan and may be converted to US dollars at the rate of 2.5 yuan to US \$1. This rate of exchange, however, does not necessarily reflect the dollar value.

b. Derived from average money earnings in 1952 and the reported percentage increase in average money earnings for 1949-52. 2/

c. Derived from average money earnings in 1956 and the reported percentage increase in average money earnings for 1950-56. 3/

d. Derived by geometric interpolation.

e. Derived from total money earnings in 1958 and the average number of workers and staff. Total money earnings in 1958 are the sum of total money earnings in 1957 4/ and the reported increase in total money earnings during 1958. 5/ The average number of workers and staff is given in source 6/.

f. Derived from the planned percentage increase in average money earnings, the planned increase in total money earnings, and the planned increase in workers and staff. 7/

g. Planned increase above the level in 1959.

Table 2

Estimates of Amount, Increase, and Index of Average Annual Money Earnings of Workers and Staff
in Communist China, by Sector of the Economy a/
1952-57

Year	Socialist Sector			Private Sector		
	Amount b/ (Current Yuan)	Increase Above Preceding Year (Percent)	Index (1952 = 100)	Amount b/ (Current Yuan)	Increase Above Preceding Year (Percent)	Index (1952 = 100)
1952	439		100	453		100
1953	484	10	110	528	17	117
1954	505	4	115	571	8	126
1955	525	4	120	585	2	129
1956	610	16	139	610	4	135
1957	637	4	145	c/	c/	c/

a. For the derivation, see Appendix A.

b. All data have been rounded to three significant digits. Yuan values in this table are expressed in current yuan and may be converted to US dollars at the rate of 2.5 yuan to US \$1. This rate of exchange, however, does not necessarily reflect the dollar value.

c. The private sector of workers and staff was entirely socialized during 1957.

Table 3

Estimates of Amount and Increase of Average Annual Money Earnings of Workers and Staff
in Communist China, by Branch of the Economy a/
1955-56

	Current Yuan <u>b/</u>		
	<u>1955</u>	<u>1956</u>	<u>Percentage Increase</u>
Total	534.1	610.5	14.3
Industry	599.6	674.9	12.6
Construction	613.0	700.9	14.3
Transport and communications	645.4	745.8	15.6
Agriculture, forestry, water conservancy, and meteorology	461.1	497.8	8.0
Commerce	443.4	489.7	10.4
Government administration	N.A.	N.A.	N.A.
Banking and insurance	532.3	586.1	10.1
Municipal public utilities	N.A.	N.A.	N.A.
Health, culture, and education	447.5	548.1	22.5

a. 8/

b. Yuan values in this table are expressed in current yuan and may be converted at the rate of 2.5 yuan to US \$1. This rate of exchange, however, does not necessarily reflect the dollar value.

APPENDIX A

ESTIMATES OF TOTAL MONEY EARNINGS, AVERAGE NUMBER OF WORKERS AND STAFF, AND AVERAGE MONEY EARNINGS
IN COMMUNIST CHINA, BY SECTOR OF THE ECONOMY a/
1952-57

Year	Total Money Earnings (Million Current Yuan) b/			Average Number of Workers and Staff (Thousand)			Average Money Earnings (Current Yuan) b/		
	Total c/	Socialist Sector d/	Private Sector e/	Total f/	Socialist Sector	Private Sector g/	Total h/	Socialist Sector	Private Sector i/
1952	6,700	4,716 j/	1,984	15,110	10,730 j/	4,380	445.9	439.4 k/	453.0
1953	8,800	6,500	2,300	17,800	13,440 j/	4,360	495.8	483.8 k/	527.5
1954	9,610 l/	7,400	2,210	18,530 m/	14,660 j/	3,870	518.6	504.9 k/	571.1
1955	10,000	8,300	1,700	18,730	15,822 n/	2,908	534.1	524.6 o/	584.6
1956	13,600	12,910	690	22,310	21,179 n/	1,131	610.5	609.6 o/	610.1
1957	15,250	15,250 p/	0	23,973	23,973 p/	0	636.7	636.7 p/	0

a. The data in italics are computed; all other data are reported in Chinese Communist sources.

b. Yuan values in this table are expressed in current yuan and may be converted at the rate of 2.5 yuan to US \$1. This rate of exchange, however, does not necessarily reflect the dollar value.

c. 9/ unless otherwise indicated.

d. 10/ unless otherwise indicated.

e. Residual.

f. 11/ unless otherwise indicated.

g. 12/

h. Derived from total money earnings and the average number of workers in the private sector.

i. Derived from total money earnings of workers and staff in the socialized sector in 1955 and the reported percentage increase for 1952-55. 13/

j. Derived from total money earnings and the average money earnings of workers and staff in the socialized sector.

k. Derived from average money earnings in 1955 and the reported index of average money earnings for 1952-55. 14/

l. Derived from the average number of workers and staff and average money earnings.

m. Derived by geometric interpolation of reported year-end figures for 1953 and 1954. 15/

n. 16/

o. Derived from total money earnings and the average number of workers and staff in the socialized sector.

p. Because the private sector of workers and staff was entirely socialized during 1957, the socialized sector represents the total.

APPENDIX B

COMPOSITION OF TOTAL MONEY EARNINGS
IN COMMUNIST CHINA*

A detailed list of the types of payments included in total money earnings is presented below.

1. Monetary Payments for Time Worked

a. Wages

Time wages
Piecework wages
Contract wages
Profit shares

b. Wage Supplements

Allowances for overtime, night, or holiday work
Allowances for difficult or hazardous working conditions
Regional allowances

c. Bonuses

Bonuses for purposes such as fulfillment of production,
economy in use of materials, high quality of product,
and safety

d. Other Payments

Additional pay for pieceworkers temporarily transferred
to jobs that pay wages below the average compensation
of their permanent positions

Additional pay to pieceworkers to compensate for loss of
earnings because of unfavorable working conditions such
as lack of adequate supplies of materials, unsuitable
tools and equipment, and technical complications outside
the competence of the worker

* 17/

2. Monetary Payments for Time Not Worked

a. Ordinary Allowances

Leave pay

Pay during time of transfer to employment in another locality

Severance pay

Pay for work done for the state or society

Time-off pay for nursing mothers

Pay for underage workers who are given special treatment

b. Contingency Allowances

Payment for time lost in work stoppages that are not the fault of the worker

3. Monetary Payments for Education and Training

Payments to workers in training who are still assigned to their original enterprise

Payments for instructing apprentices

4. Payments in Kind and Awards

Cost of services such as housing or public utilities

Payments for writing articles or giving lectures

APPENDIX C

SOURCE REFERENCES

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